



MEMORANDUM

To: Mayor and City Council

From: Mindi Hurley, Director of Community Development

Date: May 28, 2024

Reference: Consider approval of a Resolution approving a Tax Abatement Agreement by and between the City of Coppel and Fulgent Genetics, Inc.; and authorizing the Mayor to sign.

2040: Create Business and Innovation Nodes

Introduction:

Fulgent Genetics, Inc. is a publicly traded company that operates sub-specialty pathology laboratories in California, Georgia, Massachusetts, New York and Texas. The location at 1111 S. Freeport Parkway will perform cancer diagnostic testing on patient samples. The company performs the technical laboratory services as well as the professional interpretation by their sub-specialty trained pathologists. This particular facility will service dermatology pathology, gastro-intestinal pathology, breast pathology, urologic pathology and surgical pathology.

Background:

Fulgent Genetics, Inc. is looking to purchase the building located at 1111 S. Freeport Parkway. The building totals 98,000 square feet in size. The building was completed in 1998, and the current appraised value for the building improvements alone is \$13,786,430. It served as the location for Avaya Inc. for 20 years prior. Fulgent Genetics Inc. will purchase the building and invest an additional \$5,000,000 in tangible personal property. They will have 230 full-time employees, and they will also generate hotel room nights throughout the year.

In order to grant a tax abatement, a reinvestment zone must be created by ordinance. In order to create a reinvestment zone by ordinance, a public hearing must be held. The public hearing was held and the ordinance creating Reinvestment Zone No. 116 was passed on April 23, 2024. A public hearing notice was then posted on the City's website as required by the Texas Tax Code Section 312.207.

The tax abatement agreement that coincides with Reinvestment Zone No. 116 grants a 5-year, 75% abatement on the City's portion of taxes on the furniture, fixtures and equipment.

Benefit to the Community:

Fulgent Genetics, Inc. will generate new property tax dollars for the community and potentially provide opportunities for employment. In addition, they will bring in visitors and employees throughout the year.

Legal Review:

Pete Smith drafted the agreement.

Fiscal Impact:

75% abatement on tangible personal property for 5 years.

Recommendation:

Staff recommends approval.